

GREEN VALLEY AREA EDUCATION AGENCY 14

**Independent Auditor's Report
Basic Financial Statements and Supplementary Information
Schedule of Findings and Questioned Costs**

June 30, 2010

GREEN VALLEY AREA EDUCATION AGENCY 14

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GREEN VALLEY AREA EDUCATION AGENCY 14

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors:		
Dennis Jeter	President	2013
R. Blake Cooper	Vice President	2013
Bethany Kintigh	Member	2011
Darla Sobotka	Member	2011
Marion James	Member	2011
Lois Trinity	Member	2011
Julie Wilken	Member	2013
Raymond Storm	Member	2013
Agency:		
David Van Horn	Interim Chief Administrator (1/1/10 – 6/30/10)	
Connie Maxson	Chief Administrator (7/1/09 – 12/31/09)	
Lori Kinyon	Business Manager and Board Treasurer	
Tina Smith	Board Secretary	

AREA SERVED

Adair County:

Nodaway Valley Community Schools
Orient-Macksburg Community Schools

Adams County:

Corning Community Schools
Prescott Community Schools

Clarke County:

Clarke Community Schools
Murray Community Schools

Decatur County:

Central Decatur Community Schools
Lamoni Community Schools
Mormon Trail Community Schools

Montgomery County:

Red Oak Community Schools
Stanton Community Schools
Villisca Community Schools

Ringgold County:

Diagonal Community Schools
Mount Ayr Community Schools

Taylor County:

Bedford Community Schools
Clearfield Community Schools
Lenox Community Schools

Union County:

Creston Catholic School
Creston Community Schools
East Union Community Schools



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Green Valley Area Education Agency 14

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Valley Area Education Agency 14 as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements listed in the table of contents. These financial statements are the responsibility of Agency officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Green Valley Area Education Agency 14, at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our reports dated January 21, 2011 on our consideration of Green Valley Area Education Agency 14's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and pages 25 through 27 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Green Valley Area Education Agency 14's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 and 2, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Arthur & Company, LLP". The signature is written in a cursive, flowing style.

January 21, 2011

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis

For the Year Ended June 30, 2010

Green Valley Area Education Agency 14 provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund Revenues increased from \$7,918,561 in FY2009 to \$9,162,219 in FY2010, while General Fund Expenditures also increased from \$8,128,197 in FY2009 to \$9,370,493 in FY2010. The ultimate result to the Agency's General Fund fund balance was a decrease from \$777,539 in FY09 to \$569,265 in FY2010.
- The increase in General Fund revenues was attributable to allowable growth in state funding and the influx of Federal ARRA funding. The increase in expenditures can be attributed to increasing salary and benefit expenditures, an increase in travel costs for staff, and the additional LEA flow-through of Federal ARRA funds.
- The Agency implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions during the year ended June 30, 2010.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.
- The Government-Wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Agency as a whole and present an overall view of the Agency's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the Agency's operations in more detail than the Government-Wide Statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the Agency's budget for the year, and Other Supplementary Information provides detailed information about other items of interest.

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis
For the Year Ended June 30, 2010

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Government-Wide Statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Agency's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-Wide Statements report the Agency's net assets and how they have changed. Net assets - the difference between the Agency's assets and liabilities - are one way to measure the Agency's financial health or position.

- Over time, increases or decreases in the Agency's net assets are an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Agency's overall health, additional non-financial factors, such as changes in the Agency's property tax base and the condition of its facilities, need to be considered.
- The Government-Wide Financial Statements include the Agency's basic services, such as regular and special education instruction, student and instructional staff support services and administration. Local school district fees, property taxes, state aid and federal grants finance most of these activities.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the Agency's funds, focusing on its most significant or "major" funds - not the Agency as a whole. Funds are accounting devices the Agency uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law or by bond covenants. The Agency establishes other funds to control and manage money for particular purposes, such as accounting for major construction projects or to show that it is properly using certain revenues, such as Juvenile Home funding.

The Agency's Governmental Funds include 1) the General Fund and 2) the Special Revenue Fund. Governmental Funds account for all of the Agency's basic services. These focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the Governmental Fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. Because this information does not encompass the additional long-term focus of the Government-Wide Statements, additional information at the bottom of the Governmental Fund Statements explains the relationship or differences between the two statements.

The Governmental Funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. A summary reconciliation between the Government-Wide Financial Statements and the Fund Financial Statements follows the Fund Financial Statements.

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis
For the Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Assets may serve over time as a useful indicator of financial position. Area Education Agency 14's Net Assets at the end of FY2010 totaled approximately \$1.4 million. The analysis that follows provides a summary of the Agency's Net Assets at June 30, 2010 for the Governmental Activities as compared to Net Assets at June 30, 2009. The Agency does not have Business-Type Activities; therefore the total is only composed of the Governmental Funds.

Condensed Statement of Net Assets

	FY2010	FY2009	% Change
Current and other assets	\$ 1,157,580	\$ 1,899,856	(39%)
Capital assets	907,995	857,582	6%
Total Assets	\$ 2,065,575	\$ 2,757,438	(25%)
Long-term obligations	\$ 50,000	\$ -0-	-%
Other liabilities	588,315	1,122,317	(48%)
Total Liabilities	\$ 638,315	\$ 1,122,317	(43%)
Net Assets:			
Invested in capital assets, net of related debt	\$ 907,995	\$ 857,582	6%
Restricted	83,027	73,772	13%
Unrestricted	436,238	703,767	(38%)
Total Net Assets	\$ 1,427,260	\$ 1,635,121	(13%)

The Agency's combined Net Assets decreased by approximately \$208,000 from FY2009.

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis
For the Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following analysis shows the changes in net assets for the year ended June 30, 2010 as compared to June 30, 2009. The Agency does not have Business-Type Activities, therefore the total is composed of the Governmental Funds.

Changes in Net Assets			
	FY2010	FY2009	% Change
Revenues:			
Program Revenues:			
Charges for services	\$ 233,511	\$ 214,469	9%
Operating grants and contributions	5,402,874	4,022,598	34%
General Revenues:			
Property tax	1,694,485	1,683,094	1%
State Aid	1,930,854	1,990,022	(3%)
Unrestricted investment earnings	1,120	8,378	(87%)
Total Revenues	\$ 9,262,844	\$ 7,918,561	17%
Program Expenses:			
Instruction	\$ 431,954	\$ 322,516	34%
Student support services	2,861,985	2,775,743	3%
Instructional staff support services	2,301,735	2,106,497	9%
General administration	546,763	666,711	(18%)
Building administration	518,417	366,682	41%
Business administration	547,275	650,890	(16%)
Printing and delivery services	142,176	163,419	(13%)
Plant operations and maintenance	258,019	217,322	19%
Central and other support services	1,050	23	4465%
Community services operations	65,903	78,801	(16%)
LEA Part B flow-through	1,741,328	846,374	106%
Interfund transfers out	3,500	-0-	
Unallocated	50,600	-0-	
Total Expenses	\$ 9,470,705	\$ 8,194,978	16%
 Decrease in Net assets	 \$(207,861)	 \$(276,417)	 25%
Net Assets - Beginning	1,635,121	1,911,538	(14%)
Net Assets - Ending	\$ 1,427,260	\$ 1,635,121	(13%)

The State Foundation Aid funding formula, consisting of State Aid and Property taxes, accounts for 39% of the total revenue. Operating grants and contributions from local, state and federal sources account for an additional 58% of the total revenue. The Agency's expenses primarily relate to instruction and support services provided to local school districts, including administrators, teachers and students. Services provided to schools are reported above in the areas of instruction, student support services, instructional staff support services, printing and delivery, community service operations, LEA Part B flow-through and a large portion of the building and business administrative services.

The large increase in LEA Part B flow-through was due to additional funds disbursed from the American Recovery and Reinvestment Act.

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis

For the Year Ended June 30, 2010

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Governmental Activities

Revenues for Governmental Activities were \$9,262,844 and expenses were \$9,470,705, resulting in the \$207,861 decrease to net assets.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

As previously noted, Area Education Agency 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's Governmental Funds reported combined fund balances of \$569,265; a decrease of \$208,274 from last year's ending fund balances of \$777,539.

BUDGETARY HIGHLIGHTS

The Agency's Board of Directors annually adopts a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents functional disbursements by fund, the legal level of control is at the total expenditure level, not at the fund or fund type level. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Over the course of the year, the Agency amended its annual operating budget one time to reflect adjustments to revenue and expenditures associated with the services needed and provided to the local school districts. A schedule showing the original and final budget amounts compared to the Agency's actual financial activity is included in the required supplementary information section of this report. Variances from the amended budget were relatively insignificant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Agency had invested \$907,995, net of accumulated depreciation and related debt, in a broad range of capital assets, including land, buildings, computers, equipment, and an extensive library/media collection. This is a net increase of approximately \$50,000 from last year.

Area Education Agency 14 had depreciation expense of \$163,561 in FY2010 and total accumulated depreciation of \$1,942,790 at June 30, 2010. More detailed information about capital assets is available in Note 3 to the financial statements.

Debt Administration

At June 30, 2010, the Agency had no long-term debt outstanding.

OTHER INFORMATION

As of July 1, 2010, Green Valley Area Education Agency 14 officially merged with Loess Hills Area Education Agency 13, located in Council Bluffs. All assets, liabilities, and fund balances of the agency were combined with those of Loess Hills AEA 13 in the forming of Green Hills AEA. Therefore, this will be the final audit report prepared for Green Valley Area Education Agency 14.

GREEN VALLEY AREA EDUCATION AGENCY 14

Management's Discussion and Analysis
For the Year Ended June 30, 2010

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office of Area Education Agency 14, 1405 North Lincoln, Creston, Iowa 50801.

GREEN VALLEY AREA EDUCATION AGENCY 14

Statement of Net Assets

June 30, 2010

ASSETS

Cash and cash equivalents	\$ 484,928
Due from other governments	608,757
Other receivables	27,319
Inventories	36,576
Capital assets, net of depreciation	<u>907,995</u>
Total Assets	<u><u>\$ 2,065,575</u></u>

LIABILITIES

Accounts payable	\$ 74,977
Accrued payroll and benefits	507,164
Deferred revenues	6,174
Non-current liabilities	
OPEB liability	<u>50,000</u>
Total Liabilities	<u><u>\$ 638,315</u></u>

NET ASSETS

Invested in capital assets	\$ 907,995
Restricted for:	
Inventories	36,576
Media materials resource	2,767
Iowa Core	8,473
Teacher quality	35,211
Unrestricted/undesignated	<u>436,238</u>
Total Net Assets	<u><u>\$ 1,427,260</u></u>

See accompany notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14

Statement of Activities
For the Year Ended June 30, 2010

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 431,954	\$ -	\$ 114,089	\$ -	\$ (317,865)
Student support services	2,861,985	18,941	2,367,184	-	(475,860)
Instructional staff support services	2,301,735	98,720	936,048	-	(1,266,967)
General administration	546,763	-	-	-	(546,763)
Building administration	518,417	-	57,687	-	(460,730)
Business administration	547,275	61,250	120,535	-	(365,490)
Printing and delivery service	142,176	51,100	-	-	(91,076)
Plant operations and maintenance	258,019	-	100	-	(257,919)
Central and other support services	1,050	-	-	-	(1,050)
Community service operations	65,903	-	65,903	-	-
LEA Part B flow-through	1,741,328	-	1,741,328	-	-
Interfund transfers out	3,500	3,500	-	-	-
Unallocated	50,600	-	-	-	(50,600)
Total Primary Government	<u>\$ 9,470,705</u>	<u>\$ 233,511</u>	<u>\$ 5,402,874</u>	<u>\$ -</u>	<u>(3,834,320)</u>
General Revenues					
Property taxes, levied for general purposes					1,694,485
State Aid-formula grants					1,930,854
Non-categorical federal funding					-
Unrestricted investment earnings					1,120
Total General Revenues					<u>3,626,459</u>
Decrease in Net Assets					<u>(207,861)</u>
Net Assets - Beginning of Year					<u>1,635,121</u>
Net Assets - Ending of Year					<u>\$ 1,427,260</u>

See accompanying notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14

Balance Sheet - Governmental Funds

June 30, 2010

Exhibit C

	Non-Major Governmental Funds					
		Special Revenue			Non-Major Funds	
	General	Spec Ed Instructional	Shelter Care	Capital Projects	Sub-Total	Total
ASSETS						
Cash and cash equivalents	\$ 455,692	\$ -	\$ 29,236	\$ -	\$ 29,236	\$ 484,928
Due from other governments	608,757	-	-	-	-	608,757
Other receivables	27,319	-	-	-	-	27,319
Inventories	36,576	-	-	-	-	36,576
Total Assets	<u>\$ 1,128,344</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ 1,157,580</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	\$ 53,728	\$ -	\$ 21,249	\$ -	\$ 21,249	\$ 74,977
Accrued payroll and benefits	499,177	-	7,987	-	7,987	507,164
Deferred revenues	6,174	-	-	-	-	6,174
Total Liabilities	<u>559,079</u>	<u>-</u>	<u>29,236</u>	<u>-</u>	<u>29,236</u>	<u>588,315</u>
FUND BALANCE						
Reserved/Restricted						
Inventory	36,576	-	-	-	-	36,576
Media materials	2,767	-	-	-	-	2,767
Iowa Core	8,473	-	-	-	-	8,473
Teacher Quality	35,211	-	-	-	-	35,211
Unreserved/undesignated	486,238	-	-	-	-	486,238
Total Fund Balance	<u>569,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,265</u>
Total Liabilities and Fund Balance	<u>\$ 1,128,344</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ -</u>	<u>\$ 29,236</u>	<u>\$ 1,157,580</u>

See accompanying notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Assets
 June 30, 2010

Total Fund Balance - Governmental Funds	\$	569,265
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Liability for Other Post-Employment Benefits		(50,000)
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Capital assets used in Governmental Activities are not financial resources and therefore are not reported as assets in Governmental Funds. The cost of the assets is \$2,850,785, less the accumulated depreciation of \$1,942,790.

		907,995
		<hr/>

Total Net Assets - Governmental Activities	\$	1,427,260
		<hr/> <hr/>

See accompanying notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14

Exhibit E

Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
For the Year Ended June 30, 2010

	Non-Major Governmental Funds					
		Special Revenue			Non-Major Funds	
	General	Spec Ed Instructional	Shelter Care	Capital Projects	Sub-Total	Total
REVENUES						
Local sources	\$ 1,925,395	\$ -	\$ -	\$ -	\$ -	\$ 1,925,395
State sources	2,318,837	-	100,625	-	100,625	2,419,462
Federal sources	4,914,266	-	-	-	-	4,914,266
Other sources	3,721	-	-	-	-	3,721
Total Revenues	9,162,219	-	100,625	-	100,625	9,262,844
EXPENDITURES						
Instruction	340,734	-	91,220	-	91,220	431,954
Student support services	2,861,985	-	-	-	-	2,861,985
Instructional staff support services	2,351,432	-	-	-	-	2,351,432
General administration	546,763	-	-	-	-	546,763
Building administration	512,512	-	5,905	-	5,905	518,417
Business administration	576,312	-	-	-	-	576,312
Printing and delivery services	133,041	-	-	-	-	133,041
Plant operations and maintenance	239,433	-	-	-	-	239,433
Central and other support services	1,050	-	-	-	-	1,050
Community service operations	65,903	-	-	-	-	65,903
LEA Part B flow-through	1,741,328	-	-	-	-	1,741,328
Interfund transfers out	-	-	3,500	-	3,500	3,500
Total Expenditures	9,370,493	-	100,625	-	100,625	9,471,118
Net Change in Fund Balances	(208,274)	-	-	-	-	(208,274)
Fund Balances - Beginning of Year	777,539	-	-	-	-	777,539
Fund Balances - End of Year	\$ 569,265	\$ -	\$ -	\$ -	\$ -	\$ 569,265

See accompanying notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Governmental Funds - to the Statement of Activities
 For the Year Ended June 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$	(208,274)
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Amounts reported for Governmental Activities in the Statement of
 Activities are different because:

Capital outlays are reported in Governmental Funds as expenditures.
 However, in the Statement of Activities, the cost of those assets is
 allocated over their estimated useful life as depreciation expense.
 This is the amount by which capital outlay (\$214,574) exceeds
 depreciation expense (\$163,561).

51,013

The net effect of various miscellaneous transactions involving capital
 assets (i.e. donations and write-offs) is to decrease net assets.

(600)

Change for the recognition of other post employment benefits

(50,000)

Total Change in Net Assets of Governmental Activities

\$ (207,861)

See accompanying notes to the financial statements.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

Green Valley Area Education Agency 14 is an intermediate school corporation between the State Department of Education and the local school districts in its area as provided by Chapter 273 of the Code of Iowa. The Agency provides programs and support services necessary to meet the identified educational needs in the local school districts to enable them to operate efficiently and effectively. The Agency serves 20 school districts and non-public schools in an eight-county area. The Agency is governed by a Board of Directors whose members are elected on a non-partisan basis. The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Green Valley Area Education Agency 14 has included all funds, organizations, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. Green Valley Area Education Agency 14 has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the Agency's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported instead as general revenues.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements – Separate financial statements are provided for the governmental funds. All of the Agency's individual governmental funds are reported as separate columns in the Fund Financial Statements. Only the General Fund is considered a major fund.

The Agency reports the following major Governmental Fund:

The General Fund is the general operating fund of the Agency. All general revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Agency reports the following non-major Governmental Fund:

The Special Revenue, Shelter Care Fund is used to account for instructional programs where the Agency employs a teacher to provide instruction to pupils in the juvenile detention facility located in Osceola. The actual costs of providing these instructional services are paid by the State of Iowa.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Measurement Focus and Basis of Accounting

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 90 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenues items are considered to be measurable and available only when cash is received by the Agency.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are recorded as other financing sources.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The Agency's Board of Directors annually prepares a budget on a basis consistent with generally accepted accounting principles. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board. Budgetary control is based on total expenditures.

F. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents- Cash includes amounts in demand deposits, money market funds and certificate of deposits. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

All short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Inventories - Inventories are stated at lower of cost (first-in, first-out method) or market and consist of expendable supplies and materials. The cost of these items is recorded as an expenditure at the time of consumption.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental column in the government-wide Statement of Net Assets. Capital assets are recorded at historic cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Agency as assets with initial, individual costs in excess of \$3,000 and estimated useful lives in excess of two years.

Capital assets of the Agency are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements	20
Furniture and equipment	5-10
Film and book library	5

Salaries and Benefits Payable - Payroll and related expenses for staff with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenditures at year end.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Fund Equity (continued)

Compensated Absences – Agency employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability has been recorded in the Statement of Net Assets representing the Agency's commitment to fund non-current compensated absences. This liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Special Revenue Funds.

Long-term Liabilities – In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the Governmental Activities column in the Statement of Net Assets.

Encumbrances – Encumbrances outstanding at year-end represent the amount ultimately estimated to result in expenditures if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

Fund Balances – In the Governmental Fund Financial Statements, reservations of fund balances are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

2. Cash and Cash Equivalents

The Agency's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance, or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

In addition, the Agency had investments in the Iowa Schools Joint Investment Trust valued at amortized cost of \$362,073 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

The Agency's investments at June 30, 2010 consisted of the following:

	<u>Cost</u>	<u>Market Value</u>
Iowa Schools Joint Investment Trust	\$ <u>362,073</u>	\$ <u>362,073</u>

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

2. Cash and Cash Equivalents (continued)

Interest rate risk - The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Agency.

Credit risk - The investment in the Iowa Schools Joint Investment Trust is rated Aaa by Moody's Investors Service.

3. Capital Assets

Capital assets activity for the year ended June 30, 2010 is shown as follows:

	Balance Beginning of Year	Additions	Deletions	Balance Ending of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 70,210	\$ -0-	\$ -0-	\$ 70,210
Capital Assets Being Depreciated:				
Buildings	784,252	-0-	-0-	784,252
Furniture and equipment	905,966	108,985	13,817	1,001,134
Library/media collection	<u>891,884</u>	<u>105,589</u>	<u>2,284</u>	<u>995,189</u>
Total Capital Assets Being Depreciated	2,582,102	214,574	16,101	2,780,575
Less Accumulated Depreciation for:				
Buildings	387,734	20,651	-0-	408,385
Furniture and equipment	651,160	72,173	13,217	710,116
Library/media collection	<u>755,836</u>	<u>70,737</u>	<u>2,284</u>	<u>824,289</u>
Total Accumulated Depreciation	<u>1,794,730</u>	<u>163,561</u>	<u>15,501</u>	<u>1,942,790</u>
Total Capital Assets Being Depreciated, Net	<u>787,372</u>	<u>51,013</u>	<u>600</u>	<u>837,785</u>
Governmental Activities Capital Assets, Net	\$ <u>857,582</u>	\$ <u>51,013</u>	\$ <u>600</u>	\$ <u>907,995</u>

Depreciation expense was charged to functions of the Agency as follows:

Governmental Activities:	
Instructional staff support services	\$ 103,616
Plant, central, and other support services	42,086
Business administration	8,724
Printing and delivery services	<u>9,135</u>
Total Governmental Activities Depreciation Expense	\$ <u>163,561</u>

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

4. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance Ending of Year
Net OPEB liabilities	\$ -0-	\$ 50,000	\$ -0-	\$ 50,000

5. Operating Leases

The Agency has leased various facilities within the area to house the different divisions of the Agency. These leases have been classified as operating leases and, accordingly, all rents are charged to expenditures as incurred. The leases expire between August 31, 2009 and June 30, 2010. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

Total rental expenditures for the year ended June 30, 2010 for all operating leases, except those with terms of a month or less that were not renewed, was \$37,979.

6. Pension and Retirement Benefits

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the Agency is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 was approximately \$307,000, \$290,000, and \$267,000 respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits (OPEB)

Plan Description – The Agency operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 84 active and 5 retired members in the plan. Participants must be at least 65 years of age or retired.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Agency. The Agency currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Cost – The Agency's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Agency, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 25 years.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

7. Other Postemployment Benefits (OPEB) (continued)

Annual OPEB Cost and Net OPEB Cost (continued) – The following table shows the components of the Agency's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the Agency's net OPEB obligation:

Annual Required Contribution	\$ 71,000
Contributions Made	(21,000)
Increase in Net OPEB Obligation	50,000
Net OPEB Obligation – Beginning of Year	-0-
Net OPEB Obligation – End of Year	<u>\$ 50,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the Agency contributed \$21,000 to the medical plan. Plan members eligible for benefits contributed \$24,000, or 53% of the premium costs.

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$71,000	29.6%	\$50,000

Funding Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation data for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$412,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$412,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,607,995 and the ratio of the UAAL to covered payroll was 9%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past experience and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projection of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective calculations.

As of the July 1, 2009 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the Agency's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

GREEN VALLEY AREA EDUCATION AGENCY 14

Notes to the Financial Statements
For the Year Ended June 30, 2010

7. Other Postemployment Benefits (OPEB) (continued)

Actuarial Methods and Assumptions (continued) – Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

8. Risk Management

Green Valley Area Education Agency 14 is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. Legislative Action Effecting AEA Finances

The Iowa legislature has reduced State Aid to AEA's several times in the last few years. In fiscal year 2010, the Agency received another 10% cut to the funding established under the State Aid Funding Formula.

10. Subsequent Events

Management has reviewed and evaluated material subsequent events from the balance sheet date of June 30, 2010 through the financial statements date of January 21, 2011. All appropriate subsequent event disclosures, if any, have been made to the financial statements.

11. Reorganization

On January 19, 2009, the Agency's Board of Directors approved the Agency's participation in a voluntary reorganization plan that will allow for the merger of Green Valley Area Education Agency 14 with Loess Hills Area Education Agency 13. The newly merged Agency, effective fiscal year beginning July 1, 2010, will be called Green Hills Area Education Agency and will serve the same school districts as served by the Agencies listed above prior to the merger.

GREEN VALLEY AREA EDUCATION AGENCY 14

Required Supplementary Information

GREEN VALLEY AREA EDUCATION AGENCY 14
 Required Supplementary Information
 Budgetary Comparison Schedule - All Governmental Funds
 For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Local sources	\$ 2,098,750	\$ 1,921,258	\$ 1,925,395	\$ 4,137
State sources	2,574,346	2,381,192	2,419,462	38,270
Federal sources	3,064,000	4,738,328	4,914,266	175,938
Total Revenues	<u>7,737,096</u>	<u>9,040,778</u>	<u>9,259,123</u>	<u>218,345</u>
EXPENDITURES				
Instruction	369,000	475,000	431,954	43,046
Student support services	2,805,000	2,960,000	2,861,985	98,015
Instructional staff support services	2,127,000	2,160,000	2,351,432	(191,432)
General administration	676,000	640,000	546,763	93,237
Building administration	408,000	410,000	518,417	(108,417)
Business administration	734,000	730,000	576,312	153,688
Printing and delivery services	133,000	160,000	133,041	26,959
Plant operations and maintenance	194,000	200,000	239,433	(39,433)
Central and other support services	-	-	1,050	(1,050)
Noninstructional programs	66,000	70,000	65,903	4,097
LEA Part B flow-through	547,568	1,744,828	1,744,828	-
Total Expenditures	<u>8,059,568</u>	<u>9,549,828</u>	<u>9,471,118</u>	<u>78,710</u>
Excess (Deficiency) of Revenues Over Expenditures	(322,472)	(509,050)	(211,995)	297,055
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	10,000	5,000	3,721	(1,279)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing (Uses)	<u>\$ (312,472)</u>	<u>\$ (504,050)</u>	<u>\$ (208,274)</u>	<u>\$ 295,776</u>

See accompanying independent auditor's report.

GREEN VALLEY AREA EDUCATION AGENCY 14
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2010

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

The Agency's Board of Directors annually prepares a budget on a basis consistent with U.S. generally accepted accounting principles. Although the budget document presents function disbursements by fund, the legal level of control is at the total expenditure/expense level, not by fund. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board.

For the year ended June 30, 2010, the Agency's expenditures/expenses did not exceed the approved budget.

GREEN VALLEY AREA EDUCATION AGENCY 14
 Required Supplementary Information
 Schedule of Funding Progress for the Retiree Health Plan
 For the Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
July 1, 2009	-	\$ 412,000	\$ 412,000	0%	\$ 4,607,995	8.94%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded funding progress.

See accompanying independent auditor's report.

GREEN VALLEY AREA EDUCATION AGENCY 14

Other Supplementary Information

GREEN VALLEY AREA EDUCATION AGENCY 14
Schedule of Revenues by Source and Expenditures by Function -
All Governmental Fund Types
For the Last Four Years

	Modified Accrual Basis			
	For the Years Ending June 30,			
	2010	2009	2008	2007
REVENUES				
Local sources	\$ 1,929,116	\$ 1,994,146	\$ 1,996,069	\$ 2,077,319
State sources	2,419,462	2,593,290	2,241,069	1,881,842
Federal sources	4,914,266	3,331,125	3,105,684	3,148,200
Total Revenues	\$ 9,262,844	\$ 7,918,561	\$ 7,342,822	\$ 7,107,361
EXPENDITURES				
Instruction	\$ 431,954	\$ 322,516	\$ 347,073	\$ 314,181
Student support services	2,861,985	2,775,743	2,643,950	2,350,141
Instructional staff support services	2,351,432	2,091,418	2,003,016	2,022,219
General administration	550,263	666,711	637,519	668,708
Building administration	518,417	366,682	378,300	342,248
Business administration	576,312	642,513	715,841	736,763
Printing and delivery services	133,041	149,309	100,217	127,520
Plant operations and maintenance	239,433	188,107	184,327	181,058
Central and other support services	1,050	23	388	11,694
Community services operations	65,903	78,801	66,192	68,861
LEA Part B flow-through	1,741,328	846,374	569,709	575,465
Total Expenditures	\$ 9,471,118	\$ 8,128,197	\$ 7,646,532	\$ 7,398,858

See accompanying independent auditor's report.

GREEN VALLEY AREA EDUCATION AGENCY 14Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Project Title</u>	<u>CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Education:			
Passed-through Iowa Department of Education:			
Special Education—Part B			
Early Childhood Education for the Handicapped	84.027	091014	\$ 1,939,598
LEA Flow-through	84.027	0KB2-14	546,302
Parent Educator Model 2009-2010	84.027	97414	65,903
		*	<u>2,551,803</u>
Special Education – Part C			
Education of Handicapped Act, Part C	84.181	C09-14	117,042
Special Education – Basic 619			
Preschool 3 through 5 P.L. 99-457	84.173	09619-14	* 126,297
Service Learning	94.004	10SL14	5,700
Title II			
E2T2, Part D	84.318	95106	36,611
Title III			
ELL	84.365	2008-09	14,277
ELL	84.365	2009-10	21,167
			<u>35,444</u>
Secondary Professional Development	84.323A	SDPG-14	65,424
Every Learner Inquires	84.367	025310	1,964
Science Professional Development	84.336		87,157
ARRA – Special Education Grants to States, Recovery Act	84.391		* 1,195,026
ARRA – Special Education – Preschool Grants, Recovery Act	84.392		* 640,669
ARRA – Special Education – Grants for Infants and Families, Recovery Act	84.393		* 35,905

See accompanying independent auditor's report.

GREEN VALLEY AREA EDUCATION AGENCY 11
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2010

<u>Project Title</u>	<u>CFDA Number</u>	<u>Pass through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Education (continued):			
Passed-through Iowa Department of Education (continued):			
ARRA – State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	*	\$ <u>2,577</u>
Total U.S. Department of Education			\$ <u>4,901,619</u>

* These programs are considered major programs under provisions of the Single Audit Act Amendment of 1996.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Green Valley Area Education Agency 14 and is presented on the modified accrual basis. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

See accompanying independent auditor's report.



**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financials
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors of
Green Valley Area Education Agency 14:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Green Valley Area Education Agency 14 as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements listed in the table of contents, and have issued our report thereon dated January 21, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Green Valley Area Education Agency 14's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Green Valley Area Education Agency 14's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Green Valley Area Education Agency 14's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis. We noted no matters involving the internal control over financial reporting and its operations to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no matters involving the internal control over financial reporting and its operations to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green Valley Area Education Agency 14's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Governmental Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Agency and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Agency during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Arthur & Company, LLP". The signature is written in a cursive, flowing style. The word "Arthur" is on the left, followed by "& Company", and "LLP" is at the end. There is a small upward tick mark above the "y" in "Company".

January 21, 2011



**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance
In Accordance with OMB Circular A-133**

To the Board of Directors of
Green Valley Area Education Agency 14:

Compliance

We have audited the compliance of Green Valley Area Education Agency 14, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Green Valley Area Education Agency 14's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs are the responsibility of Green Valley Area Education Agency 14's management. Our responsibility is to express an opinion on Green Valley Area Education Agency 14's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Green Valley Area Education Agency 14's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Green Valley Area Education Agency 14's compliance with those requirements.

In our opinion, Green Valley Area Education Agency 14 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of Green Valley Area Education Agency 14 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Green Valley Area Education Agency 14's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Green Valley Area Education Agency 14's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the Agency's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, detected and corrected on a timely basis. We noted no matters involving the internal control over compliance to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We noted no matters involving the internal control over compliance to be significant deficiencies.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Green Valley Area Education Agency 14 and other parties to whom the Agency may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Arthur Company, LLP". The signature is written in a cursive, flowing style.

January 21, 2011

GREEN VALLEY AREA EDUCATION AGENCY 14

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.173 – Special Education – Basic 619
 - CFDA Number 84.391 – ARRA – Special Education Grants to States, Recovery Act
 - CFDA Number 84.392 – ARRA – Special Education Preschool Grants, Recovery Act
 - CFDA Number 84.393 – ARRA – Special Education Grants for Infants and Families, Recovery Act
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Green Valley Area Education Agency 14 qualified as a low-risk auditee.

GREEN VALLEY AREA EDUCATION AGENCY 14
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2010

Part II: **Findings Related to the General Purpose Financial Statements:**

No Findings

Instances of Non-compliance:

No matters were noted.

Part III: **Findings and Questioned Costs for Federal Awards:**

No Findings

GREEN VALLEY AREA EDUCATION AGENCY 14
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2010

Part IV: Other Findings Related to the Required Statutory Reporting:

- IV-A-10 Official Depositories - A resolution naming official depositories has been adopted by the Agency. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2010.

- IV-B-10 Budget - Expenditures for the year ended June 30, 2010 did not exceed the amount budgeted.

- IV-C-10 Questionable Expense - We noted no exceptions that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- IV-D-10 Travel Expense - No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

- IV-E-10 Business Transactions - No business transactions between the Agency and Agency officials or employees were noted.

- IV-F-10 Bond Coverage - Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- IV-G-10 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

- IV-H-10 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Agency's investment policy were noted.

- IV-I-10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

- IV-J-10 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

GREEN VALLEY AREA EDUCATION AGENCY 14

STAFF

This audit was performed by:

John Pittman, CPA, Partner
Cindy Shannon, CPA, Manager
Emily Hager, CPA, Staff Auditor